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February 10, 2005

G. John Heyer  
Committee for the Purchase from People  
Who Are Blind or Severely Disabled  
1421 Jefferson Davis Highway  
Jefferson Plaza 2, Suite 10800  
Arlington, VA 22202-3259

RE: Docket Numbers 2004-01-01; 3037-001; 3037-002;  
3037-003; 3037-004 & 3037-NEW

Dear Mr. Heyer:

The Committee for the Purchase from People who are Blind or Severely Disabled is soliciting comments on its proposed rule to establish new governance standards for Central Nonprofit Agencies (CNAs) and nonprofit Community Rehabilitation Programs (CRPs) participating in the Javits-Wagner-O'Day program (JWOD). INARF is the principal membership organization in Indiana representing more than 90 percent of the Community Rehabilitation Programs eligible to participate in the JWOD program and we appreciate the opportunity to comment on these proposed new rules.

INARF fully supports the Committee's effort to improve and maintain the integrity of this important public/ private partnership that provides thousands of jobs annually to people with severe disabilities. At issue is whether these new rules the Committee is proposing will accomplish the intended purpose. Moreover, we feel that the Committee should work with other entities such as CARF, IRS and/or the US Congress if it feels new standards of governance are needed for the nonprofit world.

INARF also opposes this rule because in our opinion it exceeds the statutory authority of the Committee's enabling legislation, and is unnecessarily intrusive and creates burdensome record keeping requirements for information that is readily available elsewhere. In fact, most if not all of participating CRPs exceed accountability standards that are being proposed in that annually, they conduct certified public audits, file IRS Form 990 and follow best practices that meet or exceed those requirements mandated for publicly held companies by the Sarbanes-Oxley Act of 2002.

With respect to the concern over excessive executive compensation, we feel this provision is vague in justification and discriminatory in relationship to other government contracting practices. Indexing executive compensation against a government pay scale unrelated to managing an unrelated industry is arbitrary and unfounded. Furthermore, as far as we know, no other Federal contracting program (including Medicare & Medicaid) attempts to regulate CEO/executive

compensation. In addition, it is equally unclear what the purpose or benefits are to compare executive compensation to direct labor workers' compensation levels in the program. There is no expressed or implied reason why this should be required based on the current statute.

The Office of Management and Budget (OMB) estimated that the time to complete the new annual certification process is nineteen (19) hours. Our estimates are significantly higher. If our estimates are correct, this is just another unfunded mandate that is being imposed on an industry that is over-regulated and working on extremely tight margins. Moreover, in most situations, JWOD contract revenue represents only a small portion of a CRP's total revenue.

Finally, based on my experiences, we concur with the Committee that "the overwhelming majority of nonprofits agencies operate in an ethical and accountable manner." For this reason alone, we urge the Committee to take sanctions against those which abuse the privilege of holding JWOD contracts, but not to penalize or discourage the majority of CRPs from using the program to create meaningful jobs for people with severe disabilities.

Thank you for the opportunity to comment on the proposed rules. We feel that if you really wish to obtain maximum comment and participation, please extend the comment period and conduct public hearings regionally throughout the country. We trust that after reviewing the above comments and those from others nationwide, you will withdraw the proposed rule.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Hammond, III". The signature is fluid and cursive, with a long horizontal stroke at the end.

James M. Hammond, III  
President/CEO